

APPLICATION FOR COMMERCIAL LEASE ON STATE LAND

ARIZONA STATE LAND DEPARTMENT
1624 WEST ADAMS
PHOENIX, ARIZONA 85007

INSTRUCTIONS

- Complete all sections on the application. Please print or type.
- FEEs: A. Business purposes: \$100.00.
B. Non-business purposes: \$50.00.

I/We INSPIRATION CONSOLIDATED COPPER COMPANY
(Applicant Name)

P.O. Box 5, Claypool, Arizona 85532 (602) 473-7000 T. J. Montgomery
(Address) (Zip) (Phone Number) Property Superintendent

hereby make application to lease the lands described below, in accordance with the laws of the State of Arizona, and the rules and regulations of the State Land Department.

1. A. RENEWAL APPLICATION:

State commercial lease number 03-30007 for State Trust lands described which expires on 1 April 1986.

1. B. NEW APPLICATION:

Subdivision	Section	Township	Range	Acres	County
W $\frac{1}{2}$ NE $\frac{1}{4}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ N $\frac{1}{2}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$	16	4 South	16 East	70	Gila

2. How many years are requested for the term of the lease? 10.

3. Indicate whether the application is made in the name of an individual, corporation, partnership, or trust: Corporation.

(a) If an individual: Date of Birth _____ Married _____ Single _____

(b) If a corporation, submit a copy of the authorization to do business in the State of Arizona obtained from the Corporation Commission. Attached

(c) If a partnership or trust, submit a copy of the partnership or trust document.

(d) If a trust, complete the following:

The name, address, age, citizenship and marital status of each of the beneficiaries, principals, or wards for whom the applicant will hold title are:

NAME	ADDRESS	AGE	CITIZENSHIP	MARITAL STATUS

(e) The trust or other document under which the applicant will hold title is: _____, and recorded in the County of _____, in book _____, page _____, as document number _____.

4. Do you own or control other lands which will be used in connection with the land being applied for? Yes. If yes, state whether owned or leased? Owned & Leased. If leased, give date of expiration of lease See attached. If State lease or permit, give Lease or Permit Number See attached list description and the location of such property, with respect to the land being applied for :

State Lease descriptions are attached. In addition, Inspiration owns 82 patented lodes, 130 patented millsites (approx. 1590 acres); 268 unpat. lodes, 3 unpat. placers and 85 unpat. millsites (approx. 5845 acres); and 440 acres patented ranch land - contiguous with lands requested.

5. Give full description of the nature of the business, or businesses, that you propose to operate on the land being applied for. (Note: The lease will only permit the use of the land for the purposes expressly provided therein, without prior written approval.) Maintenance of existing facilities for water production, storage and distribution.

6. What is your plan of operation? (If you plan to develop this parcel, you must include a conceptual plan to complete this application). If a lease is issued, a complete site plan will be required before you begin grading or construction. The State Land Department development guidelines may apply. Include dates you intend to start. Complete Attachment "A" PART III. Facilities in place

7. Are there any improvements on the lands applied for at this time? Yes. If yes, give a complete description of each improvement, its present condition, value and ownership on Attachment "A", PART II.

8. Are any improvements or changes in existing improvements to be constructed or installed on the leased land? No. If yes, complete Attachment "A", PART III.

NOTE: Approval of this Application does not constitute approval of the improvements. An Application to Place Improvements must be submitted to the Department after a lease is obtained and PRIOR to construction of the improvement(s).

9. What, in your opinion, would be a fair market rental for: A. The First year \$36/acre; B. Second year \$37/acre; C. Subsequent years \$38/acre?
10. If you are willing to have the annual rental be a percentage of gross sales, what is your estimate of gross sales per year. \$. What percentage of gross sales would you be willing to pay? .

Applicant may be assessed the costs incurred by the State Land Department for appraisals and processing expenses in the amount of \$300.00 or actual appraisal costs, whichever is greater, in the event that a lease is offered to, but not accepted by, the applicant without reasonable cause.

I hereby certify under the penalty of perjury that, to the best of my knowledge and belief, the information contained herein, together with all exhibits, attachments, and financial statements are true, correct, and complete.

Dated this 24th day of January, A.D., 19 86.

INSPIRATION CONSOLIDATED COPPER
COMPANY

[Signature]
(APPLICANT)

Its: Vice President/General Manager

THE FOLLOWING IS NOT TO BE FILLED IN BY APPLICANT

Received Amount Receipt No.

Approved or Denied by Date:

Denied, Cause:

Attached to that Lease Renewal Application for Commercial Lease
03-30007 - Application dated 24 January 1986:

Leased Lands from State of Arizona:

Lease 02-01045 expires 12-21-88 - SW $\frac{1}{4}$ NW $\frac{1}{4}$ Sec. 16, T.4S., R.16E.
(40 acres) - Settling basin recovery system for tailings decant
water

Lease 03-01452 expires 12-3-87 - SE $\frac{1}{4}$ NW $\frac{1}{4}$, SW $\frac{1}{4}$ Sec. 16, T.4S., R.16E.
(200 acres) - Buffer zone for Christmas Mine

Lease 18-38531 expires 6-13-86 - 4" Waterline in E $\frac{1}{4}$, SW $\frac{1}{4}$, and
10" Waterline in E $\frac{1}{4}$, SW $\frac{1}{4}$ Sec. 16, T.4S., R.16E. - Right of way
(2.66 acres) - Waterline right of way

Lease 18-38532 expires 6-13-86 - Road right of way through
SW $\frac{1}{4}$, E $\frac{1}{4}$ Sec. 16, T.4S., R.16E. (7.23 acres) - Road

#21-32609-08 expires 10-25-86 - Material Sales Agreement - Water
Purchase

ATTACHMENT A

PART I.

Question 6, Plan of Operation:

Facilities are in place - Existing Leased State Lands

PART II.

Question 7, Existing Improvements:

<u>DESCRIPTION</u>	<u>CONDITION</u>	<u>PRESENT VALUE</u>	<u>OWNERSHIP</u>
Approx. 2450' 10" buried pipeline	Fair	Present Value of all Facilities is estimated at	Inspiration
500' Water Well, Pump, Submersible Motor, Powerline	Fair		Inspiration
500' 6" Pipeline	Fair	+ \$35,000.00	Inspiration
500' Standby Water Well	Fair		Inspiration
Access Roads to Pump Station	Fair		Inspiration
800' Water Well, Pump, Submersible Motor, Powerline	Fair		Inspiration
500' 6" Pipeline	Fair		Inspiration
121,000-gal. Sump Tank, Valves, Fittings & Foundation	Fair		Inspiration
Booster Pump Station including Building, Mechanical and Electrical Equipment	Fair		Inspiration

PART III.

Question 8, Proposed Improvements:

<u>DESCRIPTION</u>	<u>ANTICIPATED VALUE</u>	<u>OWNERSHIP</u>
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N - O - N - E


INSPIRATION CONSOLIDATED COPPER COMPANY

CORPORATE OFFICE
P.O. Box V
Claypool, Arizona 85532

Telephone: (602) 473-7000
Telecopier: (602) 473-7055
ZapMail: (602) 473-3445
Telex: 71-298071

CERTIFICATE OF CORPORATE AUTHORITY

I Robert F. Morison, Secretary of Inspiration Consolidated Copper Company, a Maine corporation, do hereby certify that Robert A. Prescott is the elected Vice President and General Manager of Inspiration Consolidated Copper Company, and that pursuant to the Bylaws of the Company, Mr. Prescott is authorized to sign deeds, contracts, and other documents on behalf of the Company.



Robert F. Morison

Date:

State of Arizona



OFFICE OF THE CORPORATION COMMISSION

To all to Whom these Presents shall Come, Greeting:

I, the Executive Secretary of the Arizona Corporation Commission, DO HEREBY CERTIFY that

*** INSPIRATION CONSOLIDATED COPPER COMPANY ***

a corporation organized under the laws of the jurisdiction of MAINE, was on the 20TH day of JULY, 1912, authorized to transact business in the State of Arizona as a Foreign corporation.

I FURTHER CERTIFY that this corporation has filed all affidavits and annual reports and paid all annual filing fees required to date and, therefore, is in good standing in this State.



IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 17TH day of JANUARY, 1986, A.D.

James Matthews
Executive Secretary

By *[Signature]*



INSPIRATION

CONSOLIDATED
COPPER COMPANY
P.O. BOX 4444
CLAYPOOL ARIZONA 85532

50-943 00108845
213

DATE 1/17/86

Pay

*****0 AND 00/100 DOLLARS

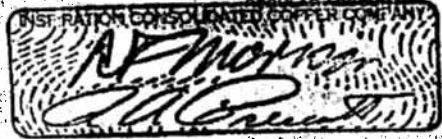
PAY TO
THE
ORDER OF

ARIZONA STATE LAND DEPARTMENT
STATE OFFICE BUILDING
1624 W. ADAMS - 4TH FLOOR
PHOENIX AZ 85007

CHEMICAL BANK
6555 RIDINGS ROAD
SYRACUSE, NEW YORK 13206

AMOUNT

50.00



⑈00108845⑈ ⑆021309434⑆ 755⑈510887⑈



INSPIRATION

CONSOLIDATED
COPPER COMPANY
P.O. BOX 4444
CLAYPOOL ARIZONA 85532

50-943 00108459
213

DATE 1/10/86

Pay

*****100 AND 00/100 DOLLARS

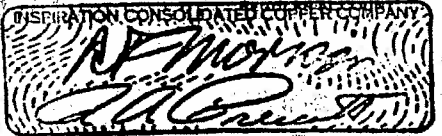
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AMOUNT

100.00



⑈00108459⑈ ⑆021309434⑆ 755⑈510887⑈

Payment of penalty and interest this payment must be made to the OFFICE OF the State Land Department ON or before the DUE DATE. Date of POSTAL STAMP will not be valid as time of payment.

INSPIRATION CONSOL
COPPER COMPANY
P O BOX 5
CLAYPOOL AZ 85532

STATE OF ARIZONA
STATE LAND DEPARTMENT
1624 WEST ADAMS - 4TH FLOOR
PHOENIX, ARIZONA 85007

03	3000700
KIND ENTRY	LEASE OR C.P. REFERENCE NO

SEC	TOWNSHIP	RANGE

12-0040

STATEMENT
INCLUDE ABOVE
NO'S WITH PAYMENT

ACCOUNT NO PARTY FUND	BUS	BILLING DESCRIPTION	RATE	ACRES	AMOUNT
300	35	APP FEE COMMERCIAL			100 00

APPLICATION & APPLICATION FEE MUST BE SUBMITTED AT LEAST 31 DAYS PRIOR TO THE DATE SHOWN ON THIS STATEMENT. THE SAME NAMES THAT ARE NOW ON THE LEASE MUST BE ON THE ATTACHED APPLICATION.

DATE OF PURCHASE PAID BALANCE	BILLING PERIOD FROM DAY YR TO DAY YR	DATE BILLED MO DAY YR	DATE DUE MO DAY YR	TOTAL ACRES	TOTAL AMOUNT \$
		12 31 85	04 01 86	00	100 00

IF PAYMENT IS MADE ON OR BEFORE THIS DATE → PAY THIS AMOUNT

NT DELINQUENT SUBJECT TO PENALTY & INTEREST

5% PENALTY OF RENTAL	\$			
TOTAL RENTAL AMOUNT PLUS PENALTY	\$			
* INTEREST PER ANNUM ON RENTAL AMOUNT	\$			
AND PENALTY - NUMBER OF DAYS DELINQUENT ()	\$			
TOTAL AMOUNT DUE INCLUDING PENALTY AND INTEREST	\$			
CASH RECEIVED	\$			
BALANCE DUE OR OVERPAYMENT	\$			

* INTEREST SET BY TREASURER UNDER ARS 37-288. ANY PROTEST OF THIS RENTAL AMOUNT MUST BE IN WRITING, RECEIVED BY THE STATE LAND DEPARTMENT WITHIN 30 DAYS FROM THE DATE BILLED.